THE HON'BLE SRI JUSTICE NOOTY RAMAMOHANA RAO

WRIT PETITION No.10425 OF 2007

Date: 16.05.2007

Between:

The Kurnool District City Long Lorry Owners Association.
....Petitioner

And

The A.P. State Civil Supplies Corporation Limited and others.
....Respondents

THE HON'BLE SRI JUSTICE NOOTY RAMAMOHANA RAO

WRIT PETITION No.10425 OF 2007

O R D E R:

The writ petitioner has been awarded a contract for transportation of food grains, pulses and other essential items to various distribution points in Kurnool District. A contract in this regard has been entered into by and between the parties on 19.08.2006. Clause 3(1) thereof reads as under:

> *3(i) This agreement will ordinarily be in force from 01.08.2006 to 31.03.2007 or till the quantities of foodgrains, pulses, or any other commodity entrusted by Government from time to time allotted and entrusted to the Contractor during the above period for transport are completely transported. The contract can be extended by the Joint Collector & EOED, Andhra Pradesh State Civil Supplies Corporation Limited at his sole discretion on the same rates, terms and conditions for a further period as determined by him. The action of the Joint Collector & EOED in extending the contract shall be final and binding on the contractor and shall not be called in question.*

In terms of this, the Joint Collector, Kurnool District has passed an order on 28.03.2007 extending the currency of the contract by a further period of three months commencing from 01.04.2007 up to 30.06.2007. But, however, after having transported the commodities for the month of April 2007, the writ petitioner, through its communication and representation, dated 17.04.2007, addressed to the Joint Collector, had pointed out that it is

not possible to transport the food grains for such a long period of three months, as it is incurring huge financial losses in the matter of transportation of food grains. Therefore, the writ petitioner has proposed to stop the transportation of food grains with effect from 01.05.2007.

It will be relevant to point out that when a contract has been entered with the kind of terms, as spelt out above in particular, it is not appropriate for this Court to express any opinion as to the correctness or otherwise of the action of the Joint Collector in invoking such a term in the contract. But, however, be that as it may, steps have been taken to award the contract of transportation of food grains for the subsequent period. The writ petitioner would further allege that in spite of inviting the tenders for award of transportation contract, the District Administration is not in a position to finalise the same, so as to find replacement for the writ petitioner.

Any term in the contract has got to be necessarily understood and construed as to operate with reasonableness and with a sense of fairness. Since the principal objective behind the aforesaid term of the contract is to ensure that there will not be any disruption and dislocation in the chain of supply of food grains but at the same time, it is only intended to be used as a stopgap arrangement. Extension of the currency of the contract cannot be amounting to unilateral imposition of the will of one of the parties to a contract, to the detriment of the

interests of the other.

When the writ petitioner has been insisting upon that it cannot carry on the transportation work, since it has been incurring huge losses, it is only appropriate that the District Administration shall finalise the contract of transportation of food grains in Kurnool District at the earliest, at any rate latest by 07.06.2007, so as to find replacement for the writ petitioner, as otherwise it would amount to arbitrary exercise of power.

With this, the writ petition stands disposed of. No costs.

_____

16.05.2007

Jsu/Vgb

THE HON'BLE SRI JUSTICE NOOTY RAMAMOHANA RAO

-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-

–
–
–